

Corporate Reputation Management and Stakeholder Engagement: A Case Study of Five Top Australian Companies

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By

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CERTIFICATE OF AUTHORSHIP AND ORIGINALITY

I certify that the work in this thesis had not previously been submitted for a degree nor has it been submitted as part of the requirements for a degree, except as fully acknowledged within the text.

I also certify that the thesis has been written by me. Any help that I have received in my research work and the preparation of the thesis itself has been acknowledged. In addition, I certify that all the information sources and literature used are indicated in this thesis.

Signed *Zsolt Lovasné Kovács*

Date *30 November 2005.*

ABSTRACT

Corporate reputation is an intangible asset that is the collective knowledge of organisation–public relationships, based on consistent organisational behaviour. Although corporate reputation management is not a new concept, it has been growing in importance and has influenced the way organisations have approached their strategic management. There are, however, many misconceptions with regard to the concept of corporate reputation.

This study has explored the impact of different understandings of corporate reputation on the management and measurement of reputation in organisations. Current understandings of the term ‘corporate reputation’ are traced, pointing out the confusion in the literature regarding corporate image, corporate identity, corporate social responsibility and corporate behaviour. The assumption underpinning this study is that the way corporate reputation is defined will influence the way it is managed and measured by organisations.

Moreover, this study explores how managers of an organisation understand the concept of corporate reputation’s impact on the selection of the management function that is responsible for corporate reputation management. Thus this study not only identifies the preferred management function by organisations to manage corporate reputation, but also explores the role of public relations practitioners in managing corporate reputation in organisations. The assumption underpinning this study is that public relations practitioners will only play a role in reputation management if corporate reputation is understood in terms of organisation–public relationships and if public relations practitioners are part of the strategic management team of an organisation.

To reach these research objectives, a qualitative methodology is followed, using a multiple case study research design. There is little explanation in previous communication and business theories concerning the impact of the definition of corporate reputation on its management and how corporate reputation can be

managed. As there are several inconsistencies on the theory on corporate reputation, an in-depth study was needed.

This thesis argues that corporate reputation should be intrinsically related to the identity of the company, and not to its image. Based on the case studies, the more successful corporate reputation management is that which valued corporate identity more highly than public perception, as, in this way, the company behaves in accordance with its values and principles.

This study concludes that corporate reputation, being an intangible and a complex notion, cannot be managed in the business sense of the word. Although a reputation depends on how stakeholders perceive a company's behaviour, organisations can manage their corporate identity and their relationships with stakeholders. As such, this thesis has argued for stakeholder engagement management as a way of managing corporate reputation.

Communication managers have a major role to play in managing corporate reputation, not only as communicators, but as relationship managers (or as stakeholder engagement managers), as part of the strategic management team. More than just communicating what has been happening, public relations practitioners need to take part in the corporate decision-making processes. Changing a company's image is not the same as changing a company's behaviour. Only the latter, together with two-way symmetrical communication, can generate a trustworthy corporate reputation.

*For my parents,
Maria Luiza and Neniomar,
who taught me to always have faith.*

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TABLE OF CONTENTS

Certificate of Authorship and Originality.....	ii
Abstract	iii
Dedication.....	v
Acknowledgements.....	vi
Table of Contents.....	vii
List of Tables.....	x
List of Figures.....	x
Terminology for This Thesis.....	xi
1. INTRODUCTION.....	1
1.1 Background.....	1
1.2 Research Objectives.....	7
1.3 Significance of This Study for the Practice of Corporate Reputation Management.....	8
1.4 Structure of the Research	10
2. CORPORATE REPUTATION: DEFINITION, MANAGEMENT AND MEASUREMENT.....	14
2.1 Corporate Reputation: Definition.....	14
2.1.1 Analogous School of Thought.....	15
2.1.2 Differentiated School of Thought.....	17
2.1.3 Identity-Centred School of Thought.....	22
2.2 Corporate Reputation: Management.....	29
2.3 Corporate Reputation: Measurement.....	33
2.3.1 Corporate Reputation and Better Financial Performance.....	39
2.4 Summary.....	42

3. THEORETICAL FRAMEWORK: ORGANISATION–PUBLIC RELATIONSHIPS.....	46
3.1 Introduction.....	46
3.1.1 Structure of the Chapter.....	47
3.2 Organisational Behavioural Relationships.....	49
3.3 Stakeholder Engagement & Corporate Citizenship.....	53
3.4 Strategic Relational Approach to Public Relations.....	57
3.4.1 Issues Management.....	66
3.4.2 Crisis Management.....	70
3.5 Summary.....	72
 4. METHODOLOGY.....	 76
4.1 Research Methods and Design.....	76
4.1.1 Multiple Cases and the Logic of Replication.....	78
4.1.2 Propositions and Units of Analysis.....	82
4.1.3 Data Collection Methods.....	85
4.1.4 Data Analysis.....	92
4.2 Research Process.....	95
4.2.1 Field Work.....	95
4.2.2 Analysis Operations.....	96
4.3 Validity and Reliability.....	98
4.3.1 Limitations of the Methodology.....	100
4.3.2 Research Ethics.....	102
4.4 Summary.....	104
 5. ANALYSIS OF DATA.....	 106
5.1 Introduction.....	106
5.2 The Cases.....	107
5.2.1 The Bank.....	109

5.2.2 The Utilities Company.....	111
5.2.3 The Telecommunications Company.....	113
5.2.4 The Construction Company.....	113
5.2.5 The Retailer.....	116
5.3 Cross-Case Data Analysis.....	117
5.3.1 Corporate Reputation: Definition, Management and Measurement.....	117
5.3.1a The Bank and the Telecommunications Company.....	117
5.3.1b The Construction, Retail and Utilities Companies.....	121
5.3.1c Economic Value of Corporate Reputation.....	127
5.3.2 Research Issues.....	129
5.3.3 Exploring the Corporate Reputation Management Function	133
5.3.4 The Role of the CEO in Corporate Reputation Management.....	141
5.4 Summary.....	142
 6. CONCLUSIONS.....	 147
6.1 Introduction.....	147
6.2 Summary of the main findings of this study.....	148
6.2.1 The Impact of Different Understandings of Corporate Reputation on Its Management and Measurement.....	150
6.2.2 Corporate Reputation and Corporate Image.....	154
6.2.3 Corporate Reputation and Relationship Building.....	156
6.2.4 A Comparison Between the Companies' Perceptions of the Public Relations Practice with the Public Relations Literature.....	158
6.2.5 The Corporate Reputation Manager.....	159
6.2.6 The Role of the CEO in Corporate Reputation Management.....	161
6.3 Contributions of this Research.....	162
6.4 Implications for Theory.....	165
6.5 Implications for Policy and Practice.....	166
6.6 Limitations and Implications for Future Studies.....	169

6.7 Concluding Remarks.....	171
BIBLIOGRAPHY.....	174
LIST OF APPENDICES.....	193
Appendix A – Mind Map.....	194
Appendix B – Interview Outline.....	197
Appendix C – Correspondence with Participants.....	200
Appendix D – Good Reputation Index Methodology.....	204
Appendix E – Ethics Approval.....	209
 LIST OF TABLES	
Table 1.1: Visual representation of the structure of the thesis.....	12
Table 4.1: Visual representation of the logic of replication.....	82
Table 4.2: Outline of interview dates according to types of organisations.....	88
Table 5.1: Results for the five organisations for research question 1.....	127
Table 5.2: Results of the five case studies according to the eight categories.....	143
 LIST OF FIGURES	
Figure 4.1: Different ways of defining, managing and measuring corporate reputation.....	95
Figure 5.1: Visualisation of the bank’s corporate social responsibility governance structure.....	133
Figure 5.2: Bank’s management framework.....	140
Figure 6.1: Stakeholder engagement implantation model.....	167

TERMINOLOGY FOR THIS THESIS

The principal terms used in this thesis are:

Corporate Reputation: the collective knowledge of organisation–public relationships, based on consistent organisational behaviour (Fombrun & van Riel, 1997; Grunig & Grunig, 2001).

Corporate Identity: what the organisation is and what it stands for (Gotsi & Wilson, 2001a; Pruzan, 2002). Corporate identity mix relates to the three aspects by which the organisation presents itself: symbols, communication and behaviour (Olins, 1989; van Riel, 1995; Gotsi & Wilson, 2001a, b).

Corporate Image: the impression and perceptions gained of an organisation by an individual, based on how the company presents itself (Moffitt, 1994; Meech, 1996; Hatch & Schultz, 2002).

Relationship: the interaction between two parties, leading to some sort of interdependence between them (Broom et al., 2000; Bruning & Ledingham, 2000).

Public Relations: the strategic management profession that is responsible for managing organisation–public relationships through communications (Stacks, 2002).

Stakeholder: any person or group that has an interest, right, claim, or ownership in an organisation, or whoever can affect or is affected by the actions, decisions, policies or goals of an organisation (Ferguson, 1999; Coombs, 2002). In public relations, this term is referred to as *publics*.

Stakeholder Engagement: the integration of corporate citizenship, stakeholder theory and strategic relationship theories (Andriof & Waddock, 2002).